



Audit Recommendations Follow-Up Report

**For the Period July 1, 2021
Through September 30, 2021**

Project #22-01

**Prepared by
Office of Inspector General**


**J. Timothy Beirnes, CPA, Inspector General
Ann E. Haga, Executive Assistant**



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Memorandum

To: Governing Board Members

From: J. Timothy Beirnes, CPA, Inspector General
Office of Inspector General 

Date: November 4, 2021

Subject: Audit Recommendations Follow-Up Report -
For the Period June 1, 2021 through September 30, 2021
Project No. 22-01

This report was performed pursuant to the Inspector General's authority set forth in Section 20.055, F.S. Enclosed is the subject report that was conducted to assess the progress made in implementing audit recommendations.

In our efforts to continue to improve the audit process we utilize an audit recommendations tracking system as an integral part of monitoring the implementation status of audit recommendations. This system contains the basic audit information and recommendations. This system provides us with a vehicle to communicate and gather feedback on the status of the audit recommendations with the Governing Board, District management, and the audited organizational units.

Should you have any questions concerning the enclosed report, please feel free to call me at (561) 682-6398.

C: Drew Bartlett
Jennifer Smith
John Mitnik
Carolyn Ansay
Stephen Collins
Sean Cooley
Jill Creech
Lawrence Glenn
Candida Heater
Sue Lynn Kirkland
Jennifer Reynolds
Duane Piper
Rich Virgil
Lourdes Woytek

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
EXHIBIT 1: Summary of Recommendations Status	3
EXHIBIT 2: Reports With Implementation of Recommendations in Progress	4
EXHIBIT 3: Detail of In-Process and Partially Implemented Audit Recommendations	5
EXHIBIT 4: Detail of Auditor General Operational Audit Recommendations	8

EXECUTIVE SUMMARY

Audit recommendations target the economy and efficiency of District operations and compliance with our policies and statutory responsibilities. Our recommendations also focus on providing District management with suggestions that facilitate their achievement of program goals and objectives. To be effective, audit recommendations must be implemented. Additionally, *Government Auditing Standards* require following up on audit recommendations in previously issued audit reports. Accordingly, the Office of Inspector General has performed follow-up audit work since the office was established in 1996. Every quarter our office surveys departments to determine the implementation status of recommendations and to encourage their completion. This information is maintained in the Inspector General's audit recommendation tracking system. The system allows each audit staff member to update the recommendation's "status" after reviewing information provided by the departments and offices.

This report on the implementation status of audit recommendations is for the period July 1, 2021 through September 30, 2021 (the "Reporting Period"). As shown in Exhibit 1, as of June 30, 2021, for previously issued audit reports, nine (9) recommendations were not yet Fully Implemented, including one (1) recommendation that was Partially Implemented. During the Reporting Period, four (4) recommendations were Fully Implemented and one (1) recommendation was Partially Implemented. In total from all reports, three (3) recommendations are In-Process of being implemented and two (2) recommendations have been Partially Implemented as of September 30, 2021.

Our office is also monitoring the implementation status of the five (5) recommendations made in the Operational Audit performed by the State of Florida Auditor General, issued in January 2021 (Report No. 2021-102). As of September 30, 2021, two (2) of the recommendations have been Fully Implemented, two (2) have been Partially Implemented, and one recommendation is In Process of implementation.

Following is a brief description of the attached exhibits:

- **Exhibit 1:** Displays a summary of recommendation statuses for all audit reports with recommendations in process of implementation. Exhibit 1 also shows the changes in the status of recommendations from the beginning of the period to the end of the period.
- **Exhibit 2:** Shows a summary of the changes in the status of recommendations by audit report. Exhibit 2 shows only those audit reports that contained one or more recommendations that had not been fully implemented at the beginning of the reporting period.
- **Exhibit 3:** Displays detail information regarding the status of each audit recommendation. This includes the status of the recommendation for the prior reporting period and the status at the end of the current period. The comment column provides narrative information regarding implementation progress.
- **Exhibit 4:** Displays detail information regarding the status of each audit recommendation contained in the Operational Audit performed by the State of Florida Auditor General. The comment column provides narrative information regarding implementation progress.

EXHIBIT 1
Summary of Recommendations Status
As of September 30, 2021

	In	Partially	
Prior Period Reports	Process	Implemented	Total
Status Prior Period (June 30, 2021)	8	1	9
Implemented, Partially Implemented, or Status Changed to No Longer Applicable, During Period	(5)	1	(4)
Remaining Recommendations to be Fully Implemented	3	2	5
Reports Issued During Current Period			
New Recommendations*	-	-	-
Implemented or Partially Implemented	-	-	-
Remaining Recommendations to be Fully Implemented	-	-	-
Current Status			
Remaining Recommendations to be Fully Implemented	3	2	5

* Initial Status is set as "In-Process"

EXHIBIT 2
Audit Reports With Implementation of Recommendations in Progress

As of September 30, 2021

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
	Recommendations - Prior Period Reports							
18.06	Audit of Operations, Maintenance, Repair, Replacement and Rehabilitation (OMRR&R) Cost Share Expense	15	Initial Status	0	1	0	14	Open
			Change in Status	0	0	0	0	
			Current Period Status	0	1	0	14	
18-08	Audit of Kissimmee River Restoration Project Cost Share for Land Acquisition Expenditures	19	Initial Status	4	0	0	15	Open
			Change in Status	-1	0	0	1	
			Current Period Status	3	0	0	16	
19-13	Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations	5	Initial Status	4	0	0	1	Open
			Change in Status	-4	1	0	3	
			Current Period Status	0	1	0	4	
	Recommendations - Reports Issued During Current Period							
	Recommendations - All Reports							
	TOTAL	0	Prior/Initial Status	8	1	0	30	
			Change in Status	-5	1	0	4	
			Status Current Period	3	2	0	34	
	Number of Recommendations Remaining to Be Fully Implemented	39		3	2			

EXHIBIT 3
Detail of In-Process and Partially Implemented Audit Recommendations
As of September 30, 2021

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
18-06	1	Audit of Operations, Maintenance, Repair, Replacement and Rehabilitation (OMRR&R) Cost Share Expense	Partially Implemented	Partially Implemented	9/30/2019	On-Going	Continue working with the USACE and OMB officials to resolve OMRR&R budget and reimbursement issues.	This is an ongoing task until the OMRR&R issue is resolved. On May 7th and 8th, the District received two guests from OMB. They were given tours of project sites and several discussions took place about the problems associated with lack of OMRR&R funding. In addition, on June 11th, the District communicated to the USACE that the District would not accept any additional funding transfers until the issue is resolved. The District response also suggests that project features may be returned to the USACE. Discussions will continue until resolution is reached.	*Ongoing to continue working with the USACE and OMB officials on the budget and reimbursement issues. The District and USACE are having quarterly meetings to discuss funding issues, payments and up. This portion of the audit finding coming projects. Our last meeting was 9/11/19. *04/24/2020 - A quarterly meeting on 4/17/2020 with SFWM D & USACE financial and project staff, all agreed to the records that all back invoices have federal funding to pay and USACE has appropriated funds to continue to pay for FY2019-20 invoices. USACE is supposed to be submitting a letter to SFWM D Executive Director that invoices are caught up and paid and that funds are available for FY2019-20. The only potential outstanding financial matter is the depreciation payments. 7/8/2020 USACE reimbursements for operational and maintenance invoices are paid as well as back invoices. USACE is actively seeking appropriations to cover OMRR&R costs. This portion of the audit finding is completed. The backlog payments pertaining to the depreciation payments remains unpaid, but other actions are being discussed for the replacement of the S-332B, S-322C, S-322D structures that may change the original settlement. 10/14/2020 - Status remains the same 2/16/2021 - The outstanding payments are related to the depreciation payments for S-332B,C,D. All other OMRR&R payments are being reimbursed on a timely manner. 5/26/2021 The outstanding payments related to the depreciation payments for S-332B,C,D. are soon to be resolved. The District should be receiving a formal letter denying the invoices due to the arrangement of the District and USACE each construction equally S-322 B & C. 10/20/2021 - Pending formal communication that depreciation payments are no longer an arrangement between USACE & SFWM D for S-332 B, C replacements.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
18-08	1	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	12/31/2021	Expedite KRRP claim submittals to the USACE for acquired tracts not yet submitted, donations, and relocation costs.	Agreed. Workload has been shifted to delete 1 FTE full-time and 1 FTE part-time to submit the backing of claims (37 acquired tracts, 350 relocations and 50 donated tracts) within the next calendar year.	In Process. Priority 1 item; 2 full-time FTEs currently working on claim submittals. Submitted 336 of the 336 relocations through 10/20/2021 . Still waiting for input from the Corps on methodology for submitting donations. Working on acquired tracts.
18-08	4	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	Implemented	12/31/2019	9/30/2021	Request credit for unclaimed expenses charged to tracts already certified by the USACE; for example, reservation credits and salary expenses.	Agreed. Real Estate will work with the Office of the Inspector General to identify a list of tracts and then analyze and compile any unclaimed expenses and submit revised claims to the USACE.	Completed. Priority 2; Found 13 occurrences of grazing reservations that need to be claimed. Made notes in comment section for follow-up. 10/20/2021 All revised claims sent.
18-08	5	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	12/31/2021	Consider compiling the documentation supporting the \$29,450 in relocation expenses that were denied and resubmit to the USACE for credit.	Agreed. Real Estate will analyze, compile and submit additional information for any denied portions of claims, and submit revised claims to the USACE as appropriate.	In Process. Priority 2; Found 18 occurrences of denied admin or relocation expenses. Made notes in comment section for follow-up. 10/21/2021 - Submitted additional information for 12 claims through 10/20/21. Waiting for clarification on what was denied from the Corps on 2 claims.
18-08	13	Audit of Kissimmee River Restoration Project Cost Share For Land Acquisition Expenditures	In Process	In Process	12/31/2019	12/31/2021	Request credit for all unclaimed creditable salary related expenses incurred during October 1, 2006 to present and any subsequent salary related expenses.	Agreed. Priority 3 - Real Estate will request an update of salary expenses from the Finance Bureau to bring salary costs current and submit the salary expenses for credit.	In Progress Delayed. Priority 3 item; Minor item to be completed after Priority 2. Costs have been updated through 12/4/2019 and reflected on the Master Cost Share spreadsheet update on 12/20/2019, but a claim has not yet been sent. 10/21/2021 - Met with Finance to coordinate needed reports for claims. Reports received 9/14/2021.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
19-13	2	Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations	In Process	Implemented	11/30/2020	9/30/2021	Initiate the expenditures reanalysis to determine whether the criteria used to determine expense match eligibility are still valid and /or needs updating.	Management concurs and will review the current presentation that entails the previously approved matching criteria and those expenses that were deemed as not eligible for matching with Executive Management and DEP to determine if there are additional expense criteria that may qualify.	10/28/2020 Budget Bureau staff will set up time with Executive Management and then DEP to review the presentation of eligible criteria for matching and update presentation and expenditure analysis. 2/16/2021 Status remains the same. 5/28/2021 Status remains the same 7/30/2021 Status remains the same, extended due date. 10/21/21 - As of 8/25/2021 Staff has updated the analysis of updated eligible and ineligible matching expenditures. Staff added capitalized salaries for Everglades Restoration to the listing of eligible expenditures. There was no change to the listing of ineligible expenditures.
19-13	3	Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations	In Process	Implemented	11/30/2020	9/30/2021	Determine the correct SOETF and /or LATF appropriation amounts that require matching contributions by the District for Fiscal Years 2011, 2012, 2013, 2017, and 2019.	Management concurs to reevaluate those sources included within the GAA line items to correct amounts requiring matching contributions. Staff has already started updating the matching spreadsheet against the GAA lines for the respective fiscal years	10/28/2020 Budget Bureau staff have updated the spreadsheet but it is still in DRAFT format and will finalize the entire spreadsheet analysis once No. 19-13 No. 2 has been completed for a comprehensive update. 2/16/2021 Status remains the same. 5/28/2021 Status remains the same 7/30/2021 Status remains the same, extended due date. 10/21/2021 - As of 8/25/2021 Staff has updated the SOETF and LATF appropriations requiring matching based on the audit recommendations. These will be included on the final Cost Match spreadsheet.
19-13	4	Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations	In Process	Implemented	11/30/2020	9/30/2021	Ensure that the Budget Bureau's tracking spreadsheet correctly reflects the following: SEOTF / LATF appropriations that require expenditure matching by the District, eligible matching expenditures, and indirect expenses.	Management concurs to update the tracking spreadsheet based upon the reevaluation of those sources included within the GAA line items requiring matching contributions. Staff has already started updating the matching spreadsheet against the GAA lines for the respective fiscal years	10/28/2020 Budget Bureau staff have updated the spreadsheet but it is still in DRAFT format but does have to update prior year with Finance Bureau's updated indirect cost that they have caught up per the OMRR&R audit and will finalize the entire spreadsheet analysis once No. 19-13 No. 2 has been completed for a comprehensive update. 2/16/2021 Status remains the same. 5/28/2021 Status remains the same 7/30/2021 Status remains the same, extended due date. 10/21/2021 - Staff has updated the spreadsheet for SOETF and LATF appropriations requiring matching through Fiscal Year 2019-2020. Staff has updated the spreadsheet for eligible matching expenditures through Fiscal Year 2018 - 2019 and Fiscal Year 2019 - 2020, and has received the approved indirect Cost rates from the Finance Bureau to update the indirect cost rates.
19-13	5	Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations	In Process	Partially Implemented	4/30/2021	10/1/2021	Inform FDEP of the District's compliance status with Chapter 373, Section 373.470, Subsection 373.470(6), Paragraph 373.470 (6)(a), F.S., which requires that SOETF and/or LATF appropriations be matched by District contributions.	Management concurs and has provided DEP with several updates upon request and will provide a final spreadsheet illustrating the Districts matching of sources through Fiscal Year 2019-2020 in compliance with mentioned statutes.	10/28/2020 Findings of this audit was discussed with DEP staff and Budget staff will provide a final record once findings No. 19-13 No. 2-4 have been completed 2/16/2021 We have discussed with DEP the status of the District's matching status but have not sent a formal record. 5/28/2021 Status remains the same 7/30/2021 Status remains the same, extended due date. 10/21/2021 - Staff met with FDEP on August 24, 2021 and provided FDEP with a status update that the District would be filing a completed report. Staff will be meeting with the Administrative Services Division Director to review the final report and will be submitting to FDEP.

EXHIBIT 4
Auditor General Operational Audit Recommendations

Issued January 2021

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Recommendation	Management Response	Current Period Comments Regarding Status
AG2021-102	2	Auditor General Operational Audit	In-Process	In-Process	District policies and procedures should require that records be maintained to demonstrate that bank account reconciliations are timely prepared and reviewed and approved by a supervisor and that accounting entries are promptly made to resolve reconciling items.	District staff agrees with the Auditor General finding stated above. Cash and investment statements are received through the normal mail delivery process and in fewer cases, uploaded from their respective websites. Going forward, all statements will be dated by Finance personnel when received and then saved in the file repository. Bank account reconciliations will also be dated when prepared, reviewed and approved by a supervisor. There are no established timeframes for the review of bank and investment account reconciliations or the resolution of reconciling items. Further, there are many factors that may affect the review of reconciliations and/or the resolution of reconciling items. For this reason, establishing a strict timeframe for these items is not practical; however, a timelier review and resolution of reconciling items is recognized as needing improvement.	May 2021 Update - District staff is working towards the maintaining of records and when the bank account reconciliations are received, they are digitized (if applicable), put on the shared server, and text is added to indicate date received. The reconciliations process for timely preparation is still in process. June 2021 Update- Review and Approval of reconciliations is in progress for May Bank recons and reconciliation items are being researched. Statements are now routinely stamped with the date received. Sept 2021 Update - as of October 20, 2021 review and approval of bank reconciliations continues. August bank reconciliations have been reviewed and approved. September are being completed currently. Reconciling items are being addressed and resolved as part of the year-end process and preparation for the FY21 Financial Audit. Additionally, District policies and procedures are being reviewed for November 2021 Governing Board approval.
AG2021-102	3	Auditor General Operational Audit	In-Process	Partially Implemented	The District should establish policies and procedures to require a time frame for depositing total daily collections totaling less than \$125,000 as well as documentation evidencing, at the initial point of collection, the dates and amounts of collections and the identity of the employee receiving the collections. In addition, transfer documents should be used to evidence the transfer of collections between employees.	The District agrees with the Auditor General finding stated above. The District recognizes the importance of depositing its cash receipts timely and believes that it has been prudent with the custodianship as well as the timely depositing of its cash collections regardless of the amounts received. Since the prior Auditor General's report (No. 2018-208), the District implemented a process whereby monies coming into the Cashier office are date stamped and initialed when received. However, considering the Auditor General's recommendation, revisions of current policies and procedures will be considered related to the timing of internal transfers and bank deposits for collections totaling less than \$125,000.	May 2021 Update - Implementing a District-wide form that will be required when monies are collected and transferred to Finance. The form will contain the name of the person receiving the collection, the date and the amount. The form, along with the collection will be remitted to the Cashier's office within the timeframe imposed by District Policy/Procedure. The Cashier will acknowledge receipt of monies by signing and dating the form. Cash will be recorded in General Ledger and deposited per Policy. Also, due to several new staff within the District a communication will be sent out to all Administrative, Bureau Chiefs, Section Administrators of the form and policy. Additionally, the District policy is being reviewed. June 2021 Update - All checks received in the Cashier's office are being stamped with the date received. Each location has a form that is used to send checks to the Cashier's office which shows received and transferred dates. The Cashier stamps these forms with the date and then return a copy to the department. Staff has revised District Policy to require delivery of money within 2 working days or 4 working days for onsite and offsite respectively. Staff proposed policy changes needs to be reviewed and presented the District Board for approval. Sept 2021 Update - As of October 20, 2021 Finance Bureau continue to stamp upon receipt, all checks for deposit and processes the deposit by the cashier or a cross trained Finance Bureau/AGT Section staff member. Proposed revisions to the Policy have been submitted for Executive Team review for the upcoming Agency-wide Agenda Item presenting recommended revisions to the existing policy to the Governing Board approval in November.
AG2021-102	4	Auditor General Operational Audit	In-Process	Partially Implemented	The Board should revise District policies governing IG duties to align with State law. Such revisions should require that long-term and annual audit plans identify the resources to be devoted to the respective audits and that both plans be submitted to the Board for approval.	The District's Governing Board delegates the authority to approve the Inspector General's audit plans to the Audit and Finance Committee in the Audit and Finance Committee Charter. The Internal Audit Charter will be modified to require the Inspector General submit both the annual and long-term plans to the Audit and Finance Committee for approval, and such proposed changes will be presented to the Governing Board for their consideration and approval. The recommended changes were applied to the Audit Plan for Fiscal Year 2020-2021 and Long-Term Audit Plan for Fiscal Years 2022-2026, approved by the Audit and Finance Committee on November 12, 2020, which included both the annual and long-term plans as well as the projected associated resources for each audit.	The recommended changes were applied to the Audit Plan for Fiscal Year 2020-2021 and Long-Term Audit Plan for Fiscal Years 2022-2026, approved by the Audit and Finance Committee on November 12, 2020, which included both the annual and long-term plans as well as the projected associated resources for each audit. Proposed revisions will be presented to the Audit and Finance Committee November 10, 2021 for discussion and comments. The proposed revisions will be presented to the full Governing Board for approval at the December 2021 business meeting.